

Portfolio Manager

Spring/1996

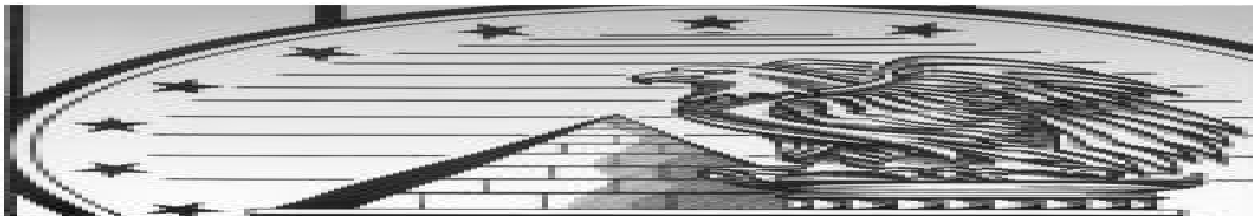
General Services Administration

Volume 1/Number 3

Regions Trim Requests in Pursuit of Shrinking Capital Investment Funds

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s announced in the schedule provided in the Fiscal Year 1998 Capital Investment and Leasing Program Call, presentations of proposed projects in the regions' prospectus level submission were made to the Capital Investment Panel (CIP) in Central Office during the week of March 4th, 1996. The CIP members are David Bibb (Chairman), June Huber, Rob Graf, John Petkewich, Jim Steele, Jim Whitlock, and Tom Walker.



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ecause this year's program will be strongly influenced by the constraints of the current fiscal environment, the regions followed this year's guidance by focusing most of their proposed Fiscal Year 1998 projects on those previously submitted to Central Office, OMB or the Congress, but not funded in FY 1996 or included in the budget for FY 1997.

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overage began with a discussion of the current status of the regional portfolio and the impact that initiatives such as downsizing and security enhancements are having on the planning process. Presentation of community plan segments included basic project information and a discussion of how proposed projects fulfill the objectives of the respective community plans.

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uring the week-long forum, a total of 80 projects were presented with an estimated cost requirement of \$2.467 billion. Of the total, only 26 proposals were for new construction, and 20 of those were to satisfy court requirements.

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xpect more feedback in the coming weeks. The Planning and Investment Division (PTI) is already providing specific comments to each of the regions about their respective projects. Thanks to all who expended their considerable time and effort in preparation of the impressive presentations. --**Joe Lawler, Director, Planning & Investment Division**



INSIDE

**Assistant Commissioner Huber Reviews First Year Achievements
Fiscal Year 98 Budget is First Test of New Pricing Structure
Asset Business Plans: Building Blocks of the Planning Process
Report on International Border Station Conference in Monterrey**

First Year Portfolio Achievements Add Up

When we launched our new business line on January 9, 1995, the Office of Portfolio Management began with a simple mission statement:

We manage the portfolio of GSA's real estate and related assets (including art and archeological artifacts) as the owner's (I. e., the Taxpayer, as represented by public officials) trustee to optimize its value (obtain the best overall results) through (in priority of importance):



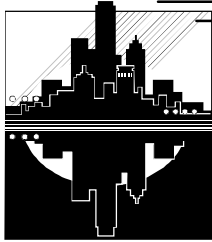
June V. Huber
Assistant
Commissioner

1. *Supporting the missions of our customers (providing space and services that fully satisfy their needs);*
2. *Supporting the social and economic programs of the Federal government (such as environmental and historic preservation, accessibility and location policy);*
3. *Providing incentives (to other business lines and to our clients) for cost-effective operation (I. e., the best result at the lowest cost) and utilization (e. g., minimize vacant and underutilized space) of our assets; and*
4. *Practicing sound financial management (I. e., maximize return on investment or "provide the best bang for the buck").*

Well, it sounded good. But we weren't exactly sure what we were getting into or what we would achieve. Looking back, it turns out that we got much more than we bargained for. Here's a brief rundown of our major achievements:

- Completed our business design and implemented the Portfolio Management Business Line.
- Identified stakeholder recommendations for improving the capital investment strategies (BPR Team).
- Developed models and national guidance for Asset Business Plans (BPR Team).
- Redesigned policy and practices for pricing space and services (BPR Team).
- Identified proposed strategies for improving the performance of or replacing underperforming assets (BPR Team).
- Initiated 4 pilots for testing new business practices using commercial off-the-shelf (COTS) software: STAR, REALPOWER, FACEFACTS, and PROTRAC.
- Successfully mitigated the impact of the FY 1995 budget rescission.
- Formulated the FY 1997 Capital Investment and Leasing Program.
- Obtained authorization and funding of the proposed FY 1996 CIP and Leasing Program.
- Developed national guidance for NEPA compliance.
- Conducted the Federal Operations Review Model (FORM) analysis to evaluate the cost effectiveness of our current mode of operations as compared to alternative models.
- Established mutually beneficial relationships with private industry portfolio managers (NACORE and NCREIF).
- Established a Portfolio Management home page on the INTERNET, including images and data for 863 historic buildings, 2270 works of art and 173 Art-in Architecture installations.
- Completed conservation projects involving 31 works of art and initiated 16 new conservation projects for 45 works of art.
- Installed 12 new art-in-architecture works and completed 32 Historic Building Preservation Plans.
- Conducted an Historic Preservation Training Symposium for Regional Historic Preservation Officers and other regional representatives.

Well, if that wasn't enough action for you, stick around. There's a lot more where that came from. Take a look at the following page. We should have no trouble staying busy. -- **June Huber**



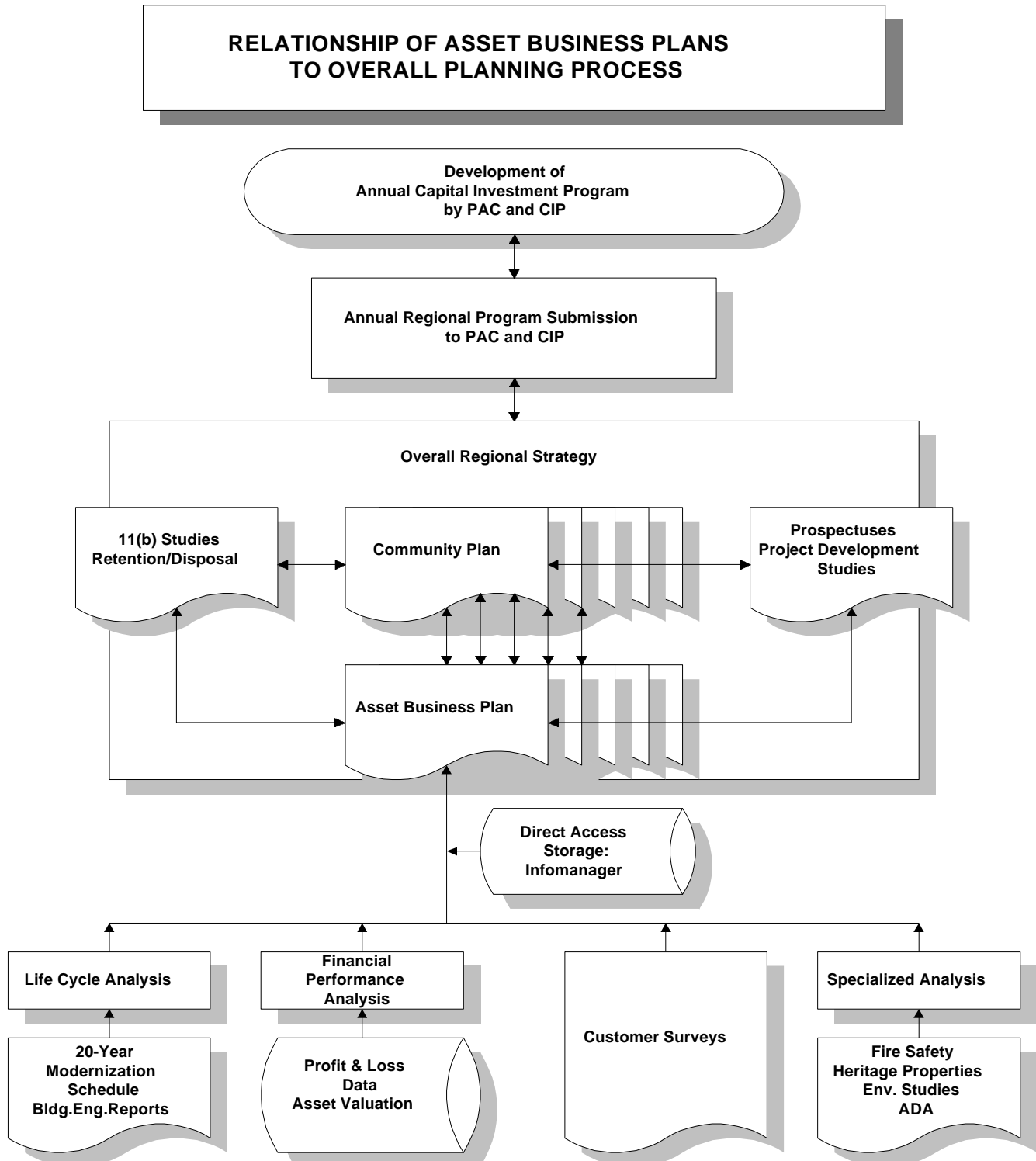
OUR "TOP 20" THEMES FOR FY 96 ECHO PORTFOLIO PRIORITIES

(Listed In Approximate Order of Importance)

<i>Theme/Priority</i>	<i>Action</i>	<i>Portfolio Contact</i>
1. Asset Business Plans (ABPs)	Complete ABPs for all Gov't-owned assets	All Regions/Phil Winter PTE/(202) 208-6136
2. Reengineer Capital Investment Process	Charter & Conduct BPR Team	Jim Cahill (303) 236-7131 S.Kravitz (202) 501-1168
3. Replace Rent with New Pricing Structure	Administrator Approval & Budget Estimates	PTE/MaryAnn Hillier (202) 501-1109
4. Occupancy Agreements	Develop Models & Begin Negotiations	Timberlake (415)522-3477 P.Dommer (202)501-0485
5. FY 1998 Capital Investment Program	Update Community Plans/Do Prospectuses	All Regions/PTI Joe Lawler (202) 208-1154
6. Stakeholder Buy-In	Issue Report on Capital Investment Strategies	PT/June Huber (202) 501-0638
7. Long Range Strategic Planning	Improve Strategic Cap. Asset Mgmt. Plan	PTI/Ellen Parkhurst (202) 501-0876
8. Replace Outdated ADP Systems	Procure & Install STAR Software	Region 3/Bill Wells (202) 501-1857
9. Improve R&A Decisionmaking	Complete FACEFACTs Pilot/Plan Utilization	Multi-Regions/Chris Giavis (202) 501-0096
10. Improve Prospectus Project Tracking	Complete PROTRAC/Infomanager Pilot	Lawler/Pat Bailey (404) 331-7777
11. Underperforming Assets	Seek Legislation to Support BPR Remedies	PTE/Phil Winter (202) 208-6136
12. Historic Preservation	Issue Guidance for Preservation of Assets	PTS/Dale Lanzone (202) 501-1811
13. Improve Information Management	BPR NeedsStudy/REALPOWER Pilot	Region 5 /Liam Murphy (312) 353-0305
14. Art Conservation	Develop & Issue Guide	PTS/Dale Lanzone
15. Leadership	Communicate Mission to PT Staff & Clients	PT/June Huber (202) 501-0638
16. Employee Development	Provide Training & Rotation Assignments	All PT Managers
17. Regulations	Update FPMR(Federal Property Mgmt.Reg.)	PTE/Mary Ann Hillier (202)501-1109
18. Organization	Review Structure	PT/June Huber
19. National Guidance	Develop Format	PT/June Huber
20. Financial Reports	Coordinate with CFO	PTE/MaryAnn Hillier

**NOTE: A Complete Listing of Portfolio Management Contacts
in Central Office Is Enclosed in This Newsletter**

ASSET BUSINESS PLANS: BUILDING BLOCKS FOR STRATEGY



This chart reflects results of a survey of the regions regarding how Asset Business Plans fit into the planning process. Data collection from supporting agencies is completed by the end of the survey period.

PBS Moving Ahead: Implementation of New Pricing Structure Begins with FY 98 Budget

Up to now, GSA pricing of space has been based on cyclical Fair Annual Rental appraisals with add-ons for construction cost ratios for special space, security charges, and annual adjustments for inflation based on CPI. However, because of various customer concerns about whether GSA's pricing structure was "in sync" with the real estate market or with GSA's actual costs of operation, the current system has been under review by a GSA Business Process Reengineering (BPR) Team.

GSA RENT CHARGES

Rent charged by GSA is established by law (the Public Buildings Amendments Act of 1972). This Act requires that GSA charge tenant agencies approximate commercial rates for comparable space and services commercially equivalent rental rates. The rent that each agency pays is deposited into the Federal Buildings Fund (FBF). That revenue is used to pay utilities, clean buildings, pay lease costs and to finance repair and maintenance of existing facilities, as well as help fund the acquisition of new facilities.

The FBF, an intragovernmental revolving fund, was mandated by P. L. 92-313. It became operational at the beginning of fiscal year 1975. Direct appropriations were then replaced by income derived from RENT assessments charged to occupants of GSA controlled space. By law, these charges must approximate commercial rates for comparable space and services. Additionally, these charges are also levied for special services (reimbursable services) not covered by RENT.

Over the past year the BPR Team on Pricing has developed what the Office of Portfolio Management hopes will provide GSA with a more equitable and user friendly vehicle for computing and billing Rent. Portfolio Manager's many presentations on the subject have generated positive responses from a wide range of stakeholders and customers. Indeed, GSA's management at all levels are preparing to send the package forward to OMB for final approval. Pending OMB approval, the question thus becomes where to begin anew.

The budget process is the logical place to begin implementation because it represents the first step in establishing the flow of Rent or corporate revenue to the Federal Building Fund. Full implementation is expected to follow the introduction of agency occupancy agreements and the new GSA System for Tracking and Administering Realty (STAR) prior to Fiscal Year 1998.

Because the new systems and procedures for estimating and issuing Rent bills are not yet in place, the preparation of Budest 98 in accord with the new pricing structure will of necessity be a blend of current and proposed practices.

Given this, two budget estimates for Fiscal Year 98 will be required. Budest 1 will be developed on the basis of the proposed pricing structure; Budest 2 will be constructed in accord with current Rent procedures. To the greatest extent practicable, these tasks will be accomplished through formulaic conversion of Rent rates developed for Budest 97. Data entry for all buildings was completed in the first week in April, 1996. The two budget runs will follow soon thereafter.

The rationale behind this approach is that essential elements of the current Rent system have functional equivalents in the new structure. Thus, we can use data compiled in PBS/IS for Fiscal Year 97 as the starting point for constructing the two budgets. The converted rates are to be used for the dual purposes of estimating Rent rates for client agencies for Budest 98 and for testing assumptions underlying existing and proposed methodologies for pricing GSA space in FY 1998.

--Kevin Kampschroer, Acting Deputy Assistant Commissioner

New Pricing Structure Offers New

A dominant new element proposed for the Rent program is the substitution of the "market passthrough" concept of pricing leased space for Rent based on appraisals. Thus, the major difference in Budest 98 under the new methodology will be the use of projected lease costs in lieu of projected appraised rates for leased buildings; appraised rates will still be developed for Federal buildings. Other major changes, such as tenant allowance amortization, are addressed elsewhere than in the appraised rates. However, the ultimate purpose is to link all costs and income for each assignment so that our clients "get what they pay for." Major features are summarized as follows:

FEATURES	BENEFITS
<i>Tenant Allowances in Lieu of Space Classifications</i> <i>General Allowance to Cover General Purpose Buildout: Set Nationally, Indexed Locally</i> <i>Tenant Customization</i> <i>Allowance to Cover Special Requirements: Agency Specific</i>	<i>Eliminates Adjustments of FAR by Special Space Classifications and Construction Ratios</i> <i>Agency Can Manage Buildout within Allowance</i> <i>Incentives for Agencies Savings</i> <i>Simplifies Negotiations: Agencies Get What They Pay for ("Transparent" Bills)</i>
<i>Level or Stepped Rent Set by Term of Occupancy Agreement</i>	<i>Eliminate Annual Adjustments of FAR by Consumer Price Index</i>
<i>Leased Space Rent = Contract Rent + Separate Contract Costs + GSA Fee</i> <i>Federal Space= Appraised Base Rent + Cost of Allowances & Services</i>	<i>"Market Passthrough" of GSA Costs (& Savings)</i>
<i>Different Rates in the Same Building Based on Variables Attributable to:</i>	<i>Size of Assignment</i> <i>Timing of Occupancy</i> <i>Term of Occupancy</i> <i>Allowances: General and Custom</i> <i>Additional Services/Eliminate Recurring RWAs</i>
<i>Occupancy Agreement: "Advance Look at the Rent Bill" (not a Lease)</i>	<i>Set Occupancy Terms</i> <i>Tenant Choice</i> <i>Staggered Expirations</i> <i>Level or Stepped Rents for Variable Terms</i>

IMPLEMENTATION SCHEDULE

FY 1996	FY 1997	FY 1998
<i>Develop & Introduce Occupancy Agreements</i>	<i>Introduce New PBS Billing & Information System (STAR)</i>	<i>Complete Negotiating Nat'l Occupancy Agreements</i>
<i>Convert Pricing & Billing of Single Tenant Leases</i>	<i>Convert All Billing to New Pricing System</i>	
<i>Convert FY 1997 Budgets via OMB Passbacks</i>	<i>Adopt New Standard Space Classifications/Joint Use</i>	<i>CONTACT: Pat Dommer on (202) 501-0485</i>

<i>Office of Portfolio Management (PT)/Central Office List of Contacts</i>		
OFFICE OF ASSISTANT COMMISSIONER	CONTACT	PHONE(202)
Assistant Commissioner	June Huber	501-0638
Special Assistant to AC	Terry Sands	208-5871
Acting Deputy AC	Kevin Kampschroer	501-0638
Secretary	Viola Bland	501-0638
COORDINATION POINTS FOR ALL PT		
CAD Liaison	Tony Waller	501-0191
Legislative Liaison	Stan Kaczmarczyk (1)	208-5868
	Tony Waller (2)	501-0191
Quality Management	Tony Waller	501-0191
PROGRAM SUPPORT STAFF (PTA)		
ADP/REALPOWER	Kay Mucha	501-2368
Budget & Administrative Matters	Susan Jacobs	501-2400
	Terry Sands	208-5871
	Ruth Lassiter	501-0638
PORTFOLIO MANAGEMENT & PERFORMANCE DIVISION (PTE)		
Acting Director	Mary Ann Hillier	501-1109
Secretary	Cora Proctor	501-1954
Asset Business Plans	Phil Winter	208-6136
Asset Valuation	Bill Wyrick	501-4407
Benchmarking	Brian Spurlock	501-0641
Delegations/FACEFACTS	Chris Giavis	501-0096
Downsizing	Michael Mulloy	501-3877
Financing Information	David Kelley	501-1856
Income & Expense	Richard Frasch	501-3223
Rent (General)	Lee Roderick	501-0087
Rent (Appeals)	Pat Dommer	501-0485
Retention/Disposal/STAR	Bill Wells	501-1857
Temporary Regulation D-76	Hap Perkins	208-6139
PLANNING & INVESTMENT DIVISION (PTI)		
Director	Joe Lawler	208-1154
Secretary	Asteria de la Cruz	501-1408
Border Stations	Karen Miller (1)	501-1768
	Carrie Rozelle (2/PTE)	501-1858
Capital Budget	Ivan Swain	501-3639
Capital Investment & Leasing Program	Joe Lawler	208-1154
Community Planning	Stan Kaczmarczyk (PTM)	208-5868
Courts Management Group Liaison	Mary Noble (1)	501-2656
	Darlene Robinson(2)	501-3583
Engineering Issues	John Lu	501-2657
Lease Issues	Dennis Goldstein	501-2497
Project Development Surveys (PDS/EPDS)	Sheldon Kravitz	501-1168
Prospectus Issues	Sheldon Kravitz (1)	501-1168
Prospectus Issues	Dennis Goldstein (2)	501-2497
Prospectus Issues	Ellen Parkhurst (3/PTE)	501-0876
<i>(Continued on Next Page)</i>		

<i>Office of Portfolio Management (PT)/Central Office List of Contacts</i>		
PLANNING & INVESTMENT DIVISION (PTI)	CONTACT	PHONE(202)
Scoring Issues	Dennis Goldstein	501-2497
Security Issues	Chris Coneeny	501-2137
The Automated Prospectus System (TAPS)	Ellen Parkhurst	501-0876
Tracking Reports	Carl Knode	501-2314
Region 1	Dennis Goldstein	501-2497
Region 2	Dennis Goldstein	501-2497
Region 3	Carla Knode	501-2314
Region 4	Chris Coneeny	501-2137
Region 5	Mary Noble	501-2656
Region 6	Mary Noble	501-2656
Region 7	Darlene Robinson	501-3583
Region 8	Darlene Robinson	501-3583
Region 9	John Lu	501-2657
Region 10	Ivan Swain	501-3639
National Capital Region	Ted Davis	501-4791
MEGAPROJECTS GROUP (PTM)		
Director	Len Ehn	501-1675
Secretary	Essie Clark	501-2594
Brooklyn, NY/CT	Stan Kaczmarczyk	208-5868
CDC, Chamblee GA	Stan Kaczmarczyk	208-5868
Cleveland, OH CT	Gary Jordon	501-4519
EPA, Research Triangle Park, NC	Len Ehn	501-1675
FDA Suburban MD	Gary Jordon	501-4519
IRS Customer Service Centers	Jerome Wynn	501-2469
IRS HQ Modernization	Gary Jordon	501-4519
Northern VA, PTO	Stan Kaczmarczyk	208-5868
Ronald Reagan FB	Stan Kaczmarczyk	208-5868
San Diego, CA CT	Gary Jordon	501-4519
San Francisco, CA FB	Stan Kaczmarczyk	501-5868
Seattle, WA CT	Gary Jordon	501-4519
CULTURAL & ENVIRONMENTAL AFFAIRS DIVISION	(PTS)	
Director	Dale Lanzone	501-1811
Agency Historic Preservation Officer	Dale Lanzone	501-1811
NEPA Compliance Officer	Dale Lanzone	501-1811
Secretary	Lurena Lowery	501-0048
Accessibility (ADA)	Tony Waller	501-0191
Archeology	Tom King	585-9572
Art-in-Architecture	Susan Harrison (1)	501-1812
	Cynthia Gould (2)	501-4217
	Rob Stewart (3)	501-0930
	Meredith Fisher (4)	501-0418
Fine Arts	Alicia Weber (1)	501-1554
	Susan Bracey (2)	501-0019
Historic Preservation (BPP's)	Don Horn	501-4525
Historic Preservation/Contracting	Gertraud Breitkopf	501-0182
Historic Preservation/NEPA (Regs)	Claire Crerar	501-1578
Interpretation/Data Base Imaging	Maggie Livingston	208-7006
Metric	Gertraud Breitkopf	501-0182
NEPA/Historic Preservation	Colin Wagner	501-2888

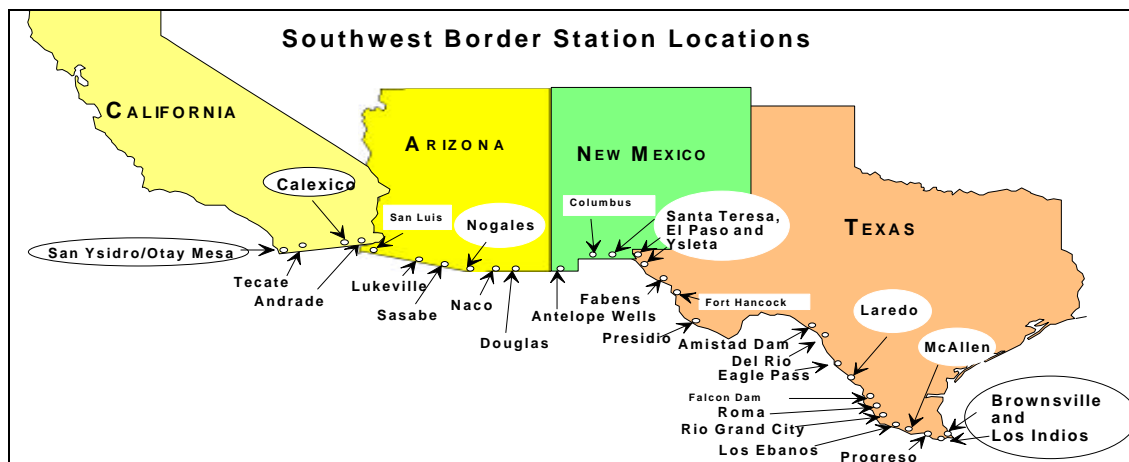
Summary of the XIX Binational Conference

on Bridges and Border Crossings

*Monterrey, Nuevo Leon, MX
March 5-6, 1996*

Agency representatives of the United States and Mexican Governments, involved in various aspects of international bridges and border crossings, met in Monterrey, Nuevo Leon, MX, on March 5-6, 1996. Representatives from the border states in both the United States and Mexico also attended. GSA was represented by Karen Miller (PT), Jim King (7PC), Molly Brant (9PC), Bill Guerin (9PC), and Rosanne Nieto (9PT). The primary purpose of these Binational Conferences is two-fold: 1) To hear public presentations from state and local governments and/or private sponsors, who are promoting new projects along the border; 2) To listen to formal positions from the U.S. and Mexico, with respect to any border issue, including (but not limited to), border station infrastructure, proposed roadwork, technology, and inspection procedures.

The information shared between both delegations was very open, straightforward, and informative. For instance, GSA was pleased to learn that the Government of Mexico, despite their economic crisis, was able to obtain funds to complete their border station at Mexicali, Baja California, opposite our new Calexico, CA, border station crossing. With the GSA facility now completed, the inspection agencies are moving in their equipment and installing telecommunications. An official opening of the new crossing is likely to take place in September 1996. GSA has invested approximately \$42.9 million in this new port of entry and is very proud of its innovative, state-of-the-art design. The new border station will include approximately 75,000 square feet of office, storage, and special space in 5 buildings, and an additional 185,000 square feet of space for primary and secondary inspection areas. When the new facility is completed, all Calexico-area commercial traffic will be routed through this facility.



In addition, GSA learned that with respect to the proposed Los Tomates project, Mexico will not be ready to start construction for another 72 weeks. This is after their traffic and environmental studies are completed, and the bridge design has been reviewed and approved by the necessary Mexican governmental authorities. Still, GSA is pleased to hear that this project remains a priority for the Government of Mexico. With respect to GSA's border station facilities, GSA has obtained \$19.3 million in funding, and the design is expected to be completed in April 1996. Although GSA could then be ready to let the construction contract, GSA plans to wait for further development in the Government of Mexico's project.

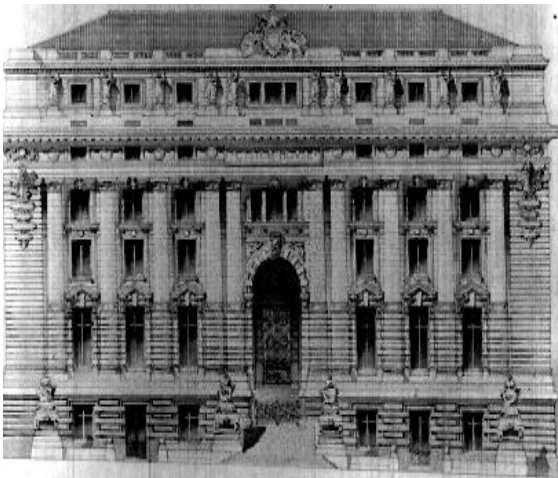
GSA also found it beneficial to hear the Government of Mexico's position, concerning the Port of Brownsville and Laredo IV proposals. Although GSA is faced with increasing Congressional pressure to approve the Port of Brownsville's Presidential Permit request, the Government of Mexico informed us that they do not support the project. This lack of support is primarily because of the extensive roadwork and railroad expansion that would be required on the Mexican side of the border. Mexico has asserted that before the Port of Brownsville project materializes, all other of the bridges must be in operation in the Brownsville area, including the Los Tomates bridge. At that point, the capacity of all bridges in the Brownsville area should then be analyzed. Knowledge of the Government of Mexico's position is useful to GSA as we finalize our review of the Port's Presidential Permit application.

Concerning the Laredo IV project, this remains an important project for the Government of Mexico--even in light of their budgetary constraints. Although Mexico urged GSA to continue to pursue this project, GSA reminded both delegations that we have not yet sought funds for this project since the inspection agencies have not identified this as a priority project. (Note: GSA is also concerned with what impact a new crossing would have on the underutilized Laredo-Columbia crossing that was recently completed in 1991.) We explained that although GSA wrote the city in August of 1995, advising them of our concern that the project was moving forward without GSA involvement, the city has been--up to this point--unwilling to consult with GSA. The Department of State agreed that even if the city is considering private financing, it still needs to coordinate with the Federal government.

In summary, the Binational Conferences are held twice a year: once hosted by the Government of Mexico's Secretaria de Relaciones Exteriores (SRE) and once hosted by the U.S. Department of State. Both the Mexican and U.S. delegations agree that the binational meetings provide an effective forum to share any concerns, proposals, and successes, regarding projects along our shared border. --Karen Miller

Changes Proposed in Accounting for “Heritage” Assets

A change is in the works for the accounting of costs for improving some historic properties. This change will separate general property, plant and equipment costs, which are capitalized and depreciated, from costs associated with historic preservation of certain assets, which will be reported as costs in the period incurred. Dale Lanzone, MaryAnn Hillier, Phil Winter and Don Horn have attended meetings of the Mixed Heritage Assets Subgroup of the Federal Accounting Standards Advisory Board (FASAB) to provide input on this issue.



In September 1995, FASAB, under the auspices of the General Accounting Office issued a report on Accounting for Property, Plant and Equipment. One section of the report addresses the need to identify costs related to “heritage assets.” Heritage assets are defined in the report as property, plant and equipment that are unique for reasons of historical or natural significance; cultural, educational or aesthetic importance; or significant architectural characteristics. Heritage assets are held for their cultural, architectural or aesthetic characteristics.

Many historic buildings in GSA’s inventory would be classified as multi-use heritage assets, because they have heritage aspects yet are also used in general government operations. The costs to maintain these assets serve two purposes--to preserve the heritage features and to permit continued use of the asset for government operations. The study directs agencies to report the costs of improving heritage assets as a cost in the period incurred. These costs will be disclosed as “Cost of Heritage Assets.” Additional reporting requirements will also be developed for stewardship report items.

Implementation of the new standards will not take effect for quite some time and more guidance will be issued from FASAB before then. PBS will need to work with the Office of Finance to determine the most efficient and meaningful way to apply these standards. The term “heritage” has always caused confusion since it is not a commonly defined term within the National Historic Preservation Act. Currently, the Cultural and Environmental Affairs Division interprets the term to apply primarily to GSA’s National Historic Landmarks and a few other key buildings which GSA must retain for reasons of cultural significance.

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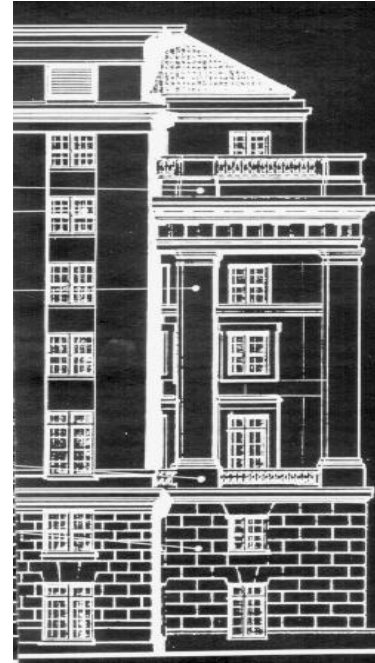
he Bottom Line: That improvements to our heritage buildings (half of the federally owned inventory) may be affected by the requirement to account for all costs within a single budget year . --**Don Horn**

SHARE FARE: NOTES FROM THE

PT Inherits Functions of Pennsylvania Avenue Development Corporation

The PADC was initiated during the Kennedy Era as the renaissance agency for the avenue which has resounded to the footsteps of Presidents and inaugural parades for 200 years. Development of the properties along the avenue has evolved through public and private partnerships and includes mixed-use complexes such as the new Ronald Reagan Federal Office Building, the Willard Inter-Continental Hotel, Market Square, Sears House, and Pennsylvania Plaza, among others.

Recently, the Congress legislated the transfer of PADC operations, assets and obligations to three Federal entities: the General Services Administration (GSA), the Department of Interior (DOI) and the National Capital Planning Commission (NCPC). Over the last several months a task team under the direction of the Commissioner, Public Buildings Service, and headed by Art Turowski of the National Capital Region has been working to effect the smooth transition of all operations and assets of the corporation.



Although the "sunset" of the PADC enterprise was effected successfully on April 1, 1996, the recipient agencies will work together to ensure the completion of the plan and maintenance of one of our nation's oldest and historic avenues.

--Pat Dommer

Reengineering: Capital Investment Planning

A new Business Process Reengineering effort was initiated with team training and meetings in Washington, DC, during the week of March 11. Sponsored by Region 8 and Portfolio Management in Central Office, the BPR team will evaluate the current community planning and capital investment process and recommend redesign where needed to improve national strategic focus, cost effectiveness, efficiency and value. Team leaders Jim Cahill (8PP) and Sheldon Kravitz (PT) are joined by Vince Brady (8PP), Thomas James (WPT), Harold Quinn (3PO), Ralph Scalise (1PT), Jane Woo (9PT), David Buffington (PF), Ted Davis (PT), and Stan Kaczmarczyk (PT) in conducting this effort.--Sheldon Kravitz

PT Discusses Joint Agreement with USPS

On March 22nd PT reopened discussions with the Postal Service on the subject of updating the GSA/USPS Memorandum of Agreement. The current MOA has defined mutual occupancy and payment procedures since 1985. Renegotiation of the terms was suspended in 1994 pending GSA's Reengineering. Kevin Kampschroer presented a briefing on GSA's proposed pricing structure for USPS Facilities Director, Michael Kunstadt. Phil Winter in PTE is the coordinator for this initiative.--Phil Winter

Bob Peck & Dave Barram Support Mission of Portfolio Management in PBS:

At the beginning of PBS' initial briefing of the new Acting Administrator, the Commissioner suggested that, "Portfolio Management is more than just one of PBS's several business lines." At the end of the briefing, the Acting Administrator commented that, "I want to have some further discussions about Portfolio Management"

--June Huber

PBS Commissioner Issues Policy on Security/Collocation Concerns

The Commissioner of PBS has issued an instructional letter that covers GSA policy on collocation of high-security risk agencies with low risk agencies. Issuance of national policy was one of the recommendations of the "Vulnerability Assessment of Federal Facilities"--the report authored by the Department of Justice in response to the bombing of the Alfred P. Murrah Federal Building in Oklahoma City, Oklahoma. The letter provides guidance for PBS in comparing possible housing alternatives for agency housing.--Joe Lawler

Portfolio Manager's Fine Arts Programs Are Varied

The Fine Arts Program is responsible for all fine arts management nationwide, including: the inventory, assessment, and conservation of all artwork associated with the Fine Arts Collection; the allocation and appropriation of funds for conservation services; liaison with agency and private officials for the loan of artwork; and the development and distribution of educational, interpretive, and exhibit programs. Scope and diversity of the fine arts program are indicated by the following "works in progress":

Susan Bracey has completed the print out of 1899 art inspection forms for distribution to the regions for the 1996 annual art inspection.

Aiisa Gulko, National Council for Preservation Education (NCPE) intern from the University of Utah, is printing and inspecting 490 works of art on loan or in storage in the Central Office.

Kathy Erickson, NCPE intern from George Washington University, is completing the data entry of 8,442 works of art from the WPA loaned or allocated to non-federal institutions.

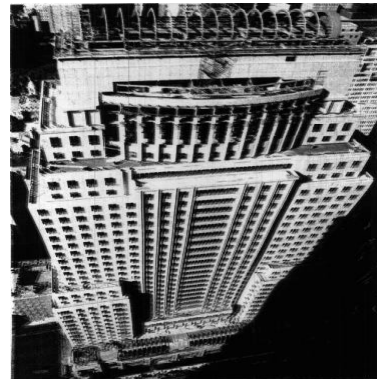
- Conservation: Some 50 conservation projects are now under way.
- Portfolios: Heinz Warneke exhibit in the Central Office Lobby closed April 12th; Photographs from the Fine Arts Collection will be shown in June 1996.
- Negotiations and specifications are being finalized for museum quality off-site storage on a nationwide basis. This will enable regions and CO to consolidate fine arts storage. --*Alicia Weber*

Placement of Commercial Antennae on Federal Facilities

David J. Barram, the Acting Administrator of the General Services Administration (GSA), has announced approval of government-wide procedures to facilitate placing commercial wireless telecommunications antennas on Federal property. The GSA order implements a directive from President Clinton, issued pursuant to the Telecommunications Act of 1996 (PL 104-104). The order directed GSA to develop streamlined government-wide procedures.

Briefly, the procedures define guiding principles for the agencies and call for each agency to review and update its internal procedures, as necessary. Agencies are required to render decisions on requests for antenna placements within 60 days. Fees will be charged based on market value for siting antennas on Federal property. If all applicants cannot be accommodated, competitive procedures will be used. The procedures also establish the central points of contact within each agency to further assist wireless telecommunications service providers.

Notice of the procedures appeared in the Federal Register on Friday, March 29, 1996. Jim Herbert in the Office of Property Acquisition and Realty Services has the lead on this initiative.



On the Move: "Happy Trails to You"

☑ **REGION 1: Congratulations to George Klueber upon his promotion to Assistant Director of Portfolio Management.** George is a relative newcomer to GSA, having joined the agency only 6 years ago. He previously worked in real estate for more than twenty years in the private sector. Since coming to Region 1, George has excelled as both a Real Estate Section Chief and as Chief Appraiser.

--*Kathy Cooke*

☑ **REGION 2: Hats off to Allan Waldron for his promotion to Deputy Assistant Commissioner for the Office of Property Acquisition and Realty Services in Central Office.** A veteran of more than twenty years with GSA, Allan brings a wealth of experience to the position. Prior to GSA's reorganization in 1995, Allan had served as Director of Real Estate in the Northeast and Caribbean Region and as a Division Director in Real Estate in the Great Lakes Region.

--*MaryAnn Hillier*

☑ **REGION 4: Rob MacMahon of the Portfolio Manager's staff is moving to the private sector.** Robert will serve as team leader of Outsourced Information Systems for Multisoft, Incorporated. Last year national attention was focused on Rob for work in developing the InfoManager Information System. InfoManager is an overall information system developed from the Portfolio Management staff of the Southeast Sunbelt Region. The program has been shared with the Greater Southwest and National Capital Regions and Central Office. Installation in the remaining regional offices is planned for this summer. Rob's last day was April 12, 1996, and we wish him the best.

--*Audrey Entorf*

☑ **REGION 6: Portfolio Management will lose Regena "DD" Rook.** One of our key employees at the end of 1996 due to the Buyout. We are very fortunate to be able to acquire a replacement for her by transfer from the Region 6 Budget Division. Rachel Avila, Budget Analyst, moved to our office on March 17, giving us time to provide appropriate training before DD leaves. Rachel comes to us with previous PBS Work experience and an extensive background in financial analysis.

--*James Elsea*

☑ **REGION 8: Congratulations to new Rocky Mountain Region parents!** (1) Lisa Morpugo and her husband, Jon, on the birth of their son, Tyler, and (2) Sharon Mulloy and her husband, Kevin Stanbridge, upon the birth of their son, Sean. --**Vince Brady**

☑ **CENTRAL OFFICE: PT's STAR Team Member Amy Cheng is Assuming New Roles!** First, Amy and Doctor Wen-Ting Ouyang were married on March 3, 1996. The wedding and reception took place at the Washington Dulles Hilton, beginning at 11:00 AM and lasting through the day. About 100 guests attended and celebrated the event. The newlyweds spent their honeymoon in sunny Florida, with stops in Disney World and other fun spots. They would like to thank everyone for all the good wishes and beautiful gifts. In May, Amy will also assume a new professional life when she joins engineering operations with the U. S. Postal Service in Fairfax, Virginia. --**Thanks Again, Amy Cheng**

☑ **CENTRAL OFFICE: Daniel Neal, PT's Representative to the National Performance Review for the past year, has resigned to assume a position with U. S. Sprint Corporation.** Prior to coming to PT, Daniel had previously served GSA with distinction in various capacities associated with financing of both GSA's internal operations and major real estate projects. He will be missed. --**Kevin Kampschroer**

☑ **CENTRAL OFFICE: Fond farewell from PT to Carrie Rozelle:** Upon completion of her MA in Economics at George Washington University in May, PT's Carrie Rozelle will be moseying down the trail to "hep out" with the portfolio in the Fort Worth Region. She's already been indoctrinated in Southwestern lore through her work on the Border Station Task Force. Carrie's many random and planned acts of kindness (usually in the form of expertly baked pastries) will be sorely missed in Central Office. --**MaryAnn Hillier**

IN MEMORIAM

Portfolio Manager expresses condolences to Harold Quinn of Region 3, upon the recent death of his father in Flemington, New Jersey.

Trends/Portfolio Profile

<i>Leased Inventory</i>	<i>OSF 1/96</i>	<i>OSF 4/96</i>	<i>Pct. Change</i>
Number of Buildings	6,180	6,148	-0.52%
Total SF Leased Space	130,935,545	131,066,481	+0.10%
Total Number Leases	7,109	7,120	+0.15%
Leases Under 10,000 SF	4,876	4,892	+0.33%
Leases Over 10,000 SF	1,718	1,714	-0.23%
Leases 50,000-100,000 SF	297	297	0
Leases Over 100,000 SF	218	217	-0.46%
Average Size Lease	14,853	14,909	+0.38%
Avg. Lease Term (Office)	5.89	5.92	+0.51%
No. Employees Leased Space	604,165	603,298	-0.14%
Federal Building Inventory	Total	Total	Total
No. of Federal Buildings	1,728	1,760	+1.82%
Total OSF Federal Space	132,334,434	132,496,914	+0.12%
Total No. of Assignments	9,638	9,581	-0.59%
No. Assignments under 10,000 OSF	7,812	7,778	0.44%
Assignments 10-50,000 OSF	1,382	1,368	-1.01%
Assignments 50-100,000 OSF	208	205	-1.44%
Assignments over 100,000 OSF	236	230	-2.54%

No. Employees Federal Space	453,164	447,944	-1.15%
U.S. Post Office & Others	Total	Total	Total
Number USPS & Other Bldgs.	287	285	-0.70%
Total OSF USPS & Others	2,334,111	2,344,986	+0.47%
Total Assignments	732	723	-1.23%
Assignments under 10,000 OSF	696	686	-1.87%
Assignments 10-50,000 OSF	27	28	+3.57%
Assignments 50-100,000 OSF	7	7	0
Assignments over 100,000 OSF	2	2	0
No. Employees USPS & Others	7,838	7,816	-0.28%

*Trend Analysis Based on Data Compiled by
Office of Property Acquisition & Realty Services*

NCREIF Spells Relief, Sort of

GSA is establishing a working relationship with the National Council of Real Estate Investment Fiduciaries (NCREIF), which tracks earnings in the private sector. NCREIF's Real Estate Performance Report for the 4th quarter of Calendar 1995 indicates that, "Overall the picture is one of general strength in the suburban markets and of a clear bottoming of most downtown markets...." Further, total returns of the 402 office buildings surveyed were 9.49% in 1995, above the 5-year average of 8.38%. However, the appreciation of asset value component of total return for all office buildings was a negative number for the 25th consecutive quarter.

National Real Estate Index Market Monitor

This report, edited by E & Y Kenneth Leventhal Real Estate Group, indicates that Class A CBD office buildings appreciated 2.2% and rents rose 3.5% nationwide in 1995. However, CBD asset prices are still below peak levels reached in the Eighties. Other conclusions echo those of NCREIF: CBD vacancy rates average 15%. "Furthermore, the suburban office sector continues to attract far more interest from investors than does its downtown counterpart." Surprisingly, "...the warehouse sector was the strongest performer for all of 1995, with 4.7% and 5.2% increases in prices and rents, respectively."

PORTFOLIO MANAGER SERVES AS PT FORUM

Remember that Portfolio Manager is your newsletter. So readers have an open invitation to submit articles for publication. When submitting material please follow basic rules of good grammar. The version below once appeared in the New York Times:

Don't use no double negatives.

Make each pronoun agree with their antecedent.

Join clauses good, like a conjunction should.

About them sentence fragments.

When dangling, watch your participles.

Verbs has to agree with their subject.

Just between you and I case is important.

Don't write run-on sentences they are hard to read.

Don't use no commas, which aren't necessary.

Try to not over split infinitives.

Its important to use your apostrophe's correctly.

Never use a sentence to end a preposition with.

Proofread your writing to see if you any words out.

Correct spelling is esential.

Articles should be prepared in WORD format, then transmitted as an attachment to a cc:Mail message to Interim Editors Bill Wyrick or Richard Frasch in PTE. You may call them on (202) 501-4407 or (202) 501-3223, respectively.

Portfolio Manager

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